

Reno/Sparks Association of REALTORS®

July, 2014

Market Report

Area 100, Greater Reno/Sparks



**Reno/Sparks
Association of
REALTORS®**

This report is designed to assist REALTORS® in analyzing current market conditions and trends. If you are considering buying or selling real estate, you should discuss this report with a real estate professional, a REALTOR®.

Market Report Outline

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- ❖ **Days on Market**
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 - By Special Conditions
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- ❖ **Months Supply of Inventory**
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- ❖ **Units and Absorption**
 - by Price
 - by Area Group
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- ❖ **Housing Affordability Index**
- ❖ **Data Assumptions:**
 - Region defined as Area 100
 - Home Type defined as Site/Stick Built
 - This data is accurate to the best of the knowledge of Reno/Sparks Association of REALTORS® based on data reported to the NNRMLS as of August 9^h, 2014.

Market Report Commentary

July, 2014

❖ Summary

- “The acceleration in median price has slowed in comparison to the rapid increase that occurred in 2012 and early 2013,” said Mark Ashworth, 2014 president of the Reno/Sparks Association of REALTORS. “The slowing in the acceleration of median price is a positive trend particularly for the Washoe County Median income household. We also saw that new listings are up from the prior month, but inventory levels in the \$100,000 to \$300,000 price range have less than a four-month supply. This has made that price range extremely competitive in our market.”

❖ Median Sales Price

- July 2014 median price was down 0.0% to \$250,000 compared to \$250,000 in June 2014 and up 16.0% compared to \$215,500 in July 2013.
- Median price is defined as the mid-point, where, for the time period identified, the price for one-half of the sales are higher and one-half are lower.

❖ Annualized Median Price by Area Group

- This chart shows the annualized median price by-area-group year over year. Each vertical bar represents the median for the prior 12 months of data.

❖ Median Price by Special Conditions

- July, 2014 median price on properties with no special conditions was down -1.2% to \$259,950 compared to \$262,995 in June, 2014 and up 8.8% compared to \$239,000 in July, 2013.
- July, 2014 median price on REO (Bank Owned) properties was up 7.3% to \$206,000 compared to \$192,000 in June, 2014 and up 9.4% compared to \$188,375 in July, 2013.
- July, 2014 median price on short sales properties was up 18.8% to \$190,000 compared to \$160,000 in June, 2014 and up 10.5% compared to \$172,000 in July, 2013.

❖ Number of Units Sold

- July, 2014 units sold was down -7.5% to 520 compared to 562 in June, 2014 and down -12.0% compared to 591 in July 2013.

❖ Average Days on Market

- July, 2014 average days on market was up 7.6% to 95 compared to 88 in June, 2014 and equal to 95 in July 2013.

Market Report Commentary, continued

July, 2014

❖ Days on Market (DOM) by Special Conditions

- Short sale properties had an average days on market of 270.
- Properties with no special conditions had an average days on market of 79.
- REO Properties had an average days on market of 110.

❖ New Listings

- July, 2014 new listings was up 7.0% to 766 compared to 716 in June, 2014 and up 13.6% compared to 674 in July 2013.
- Properties listed at under \$250,000 made up 44% of new listings entering the market during the month of July, 2014.
- 10% of new July, 2014 listings were distressed. Short sales 5%; REO 4%; No special conditions 90%; and Other 2%.

❖ Distressed New Listings History

- The allocation of new listings by special conditions increased, representing 8% of the market in July 2014, down from 8% in June 2014, and 23% in July 2013.

❖ Status of Pending

- Active/Pending-Loan represent 31.1% of the total active pendings; Active/Pending-Short Sale equals 24.8%; Pending-No Show represents 27.3%; Active/Pending-Call 13.6%; and Active/Pending-House 3.2%.

❖ Current Months Supply of Inventory (Unsold Inventory over Sales per Month)

- At the end of July, 2014, there was 4.2 months of unsold inventory based on the monthly sales rate.

Market Report Commentary, continued

July, 2014

❖ Historical Months Supply of Inventory

- July, 2014 MSI was up to 4.2 compared to 3.9 in June, 2014 and up from 4.0 in July, 2013.
- The National Association of REALTORS® describes a balanced market as between 5 and 7 months supply.
- Unsold inventory includes Active Pendlings. This method of reporting months supply of inventory follows the industry standard of including all pending sales remaining in active status in the active inventory.

❖ Units and Absorption by Price Band

- Price Bands in a Balance Market are: \$400,000 to \$500,000, \$500,000 to \$750,000,
- Price Bands in a Buyer's Market are: \$1 to \$100,000, Over \$750,000,
- Price Bands in a Seller's Market are: \$100,000 to \$150,000, \$150,000 to \$200,000, \$200,000 to \$250,000, \$250,000 to \$300,000, \$300,000 to \$400,000,
- 49% of the total sales for July, 2014 were in the under \$250,000 price range.

❖ Units and Absorption by Area Group

- Area Groups in a Balance Market are: Metro Southwest, Suburban Southwest,
- Area Groups in a Buyer's Market are: VC Highlands, Washoe Valley,
- Area Groups in a Seller's Market are: New Southeast, North Valleys, Northwest, Old Southeast, Spanish Springs, Sparks, West Suburban,
- Suburban Southwest had the highest level of active inventory with 234 active listings.
- North Valleys had the highest level of pending sales with 176 pendlings.
- Spanish Springs had the highest level of closed sales with 105 closed sales.

❖ Units and Absorption by Condition

- The Months Supply of Inventory in the category of Real Estate Owned is at a 3.4 MSI in July, 2014.
- No Special Conditions condition properties has 3.9 MSI, Short Sale properties has 8.8 MSI, and Yes-Other has 3.0 MSI.

❖ Affordability Index, *New Report*

- The chart applies several factors to arrive at a Housing Affordability Index - the median price, Washoe County median income, 5% down payment, the applicable interest rate for a 30 year fixed mortgage and a debt to income ratio of 28%. A value of 100 on the index means that a buyer with the Washoe County median income has adequate income to qualify for a mortgage on a median priced home. You can see that in January 2012, the market was at it's most affordable, when median price hit a low. With the recent increase in median price and interest rates, the median priced home is less affordable for the Washoe County median income earner.
- The 13 month detail applies the same factors identified above to the past thirteen months. An area with a factor of over 100 would be considered most affordable to the median income earner.
- The index shows at today's median price the most affordable areas are North Valleys, Old Southeast and Sparks.

Market Report Commentary, continued

July, 2014

❖ Conclusion

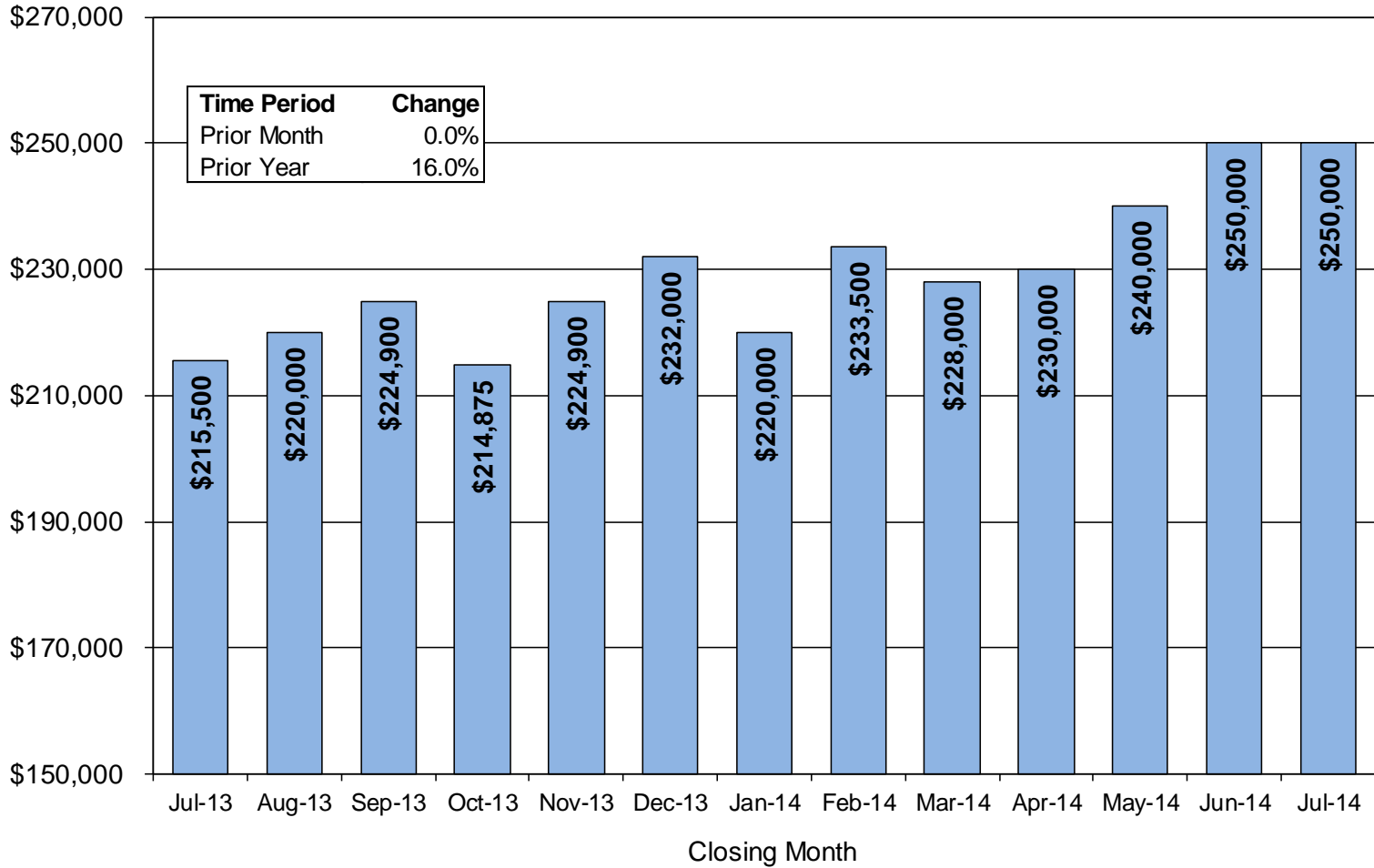
- The acceleration in median price has slowed in comparison to the rapid increase that occurred in 2012 and early 2013. July 2014 median price remained level with the prior month and was up 16% compared to July 2013. We see this increase in year over year pricing easing. This is evident in that the year over year price increase July 2012 to July 2013 was 30%. The market is still 31.5% off the peak from January 2006. The slowing in the acceleration of median price is a positive trend particularly for the Washoe County Median income household.
- July 2014 sales are at 520 down 8% compared to June and down 12% compared to July 2013. History shows us that the Reno/Sparks Market can absorb in the range of 500 sales per month.
- New listings are up from the prior month, but inventory levels in the \$100,000 - \$300,000 price range have less than 4 month's supply.
- July pending sales were up 15% at 440 compared to 382 in June 2014. Pending sales are a leading indicator of future closed transactions.
- Buyer demand and low inventory keep the Reno and Fernley in a Seller's market. Reno has 4.2 Month's Supply of Inventory and Fernley has 4.5 Month's Supply.
- NAR Chief Economist Lawrence Yun had this comment on the real estate market, "Price increases have been a double-edged sword; it's been very good for owners or recent buyers because they're immediately getting equity, but it has not been good news in terms of affordability for potential buyers."

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Median Sales Price

July, 2014

Median Sales Price, 13 months



Summary: Median Sales Price

July, 2014

Median Sales Price, 8 years



Price per Square Foot

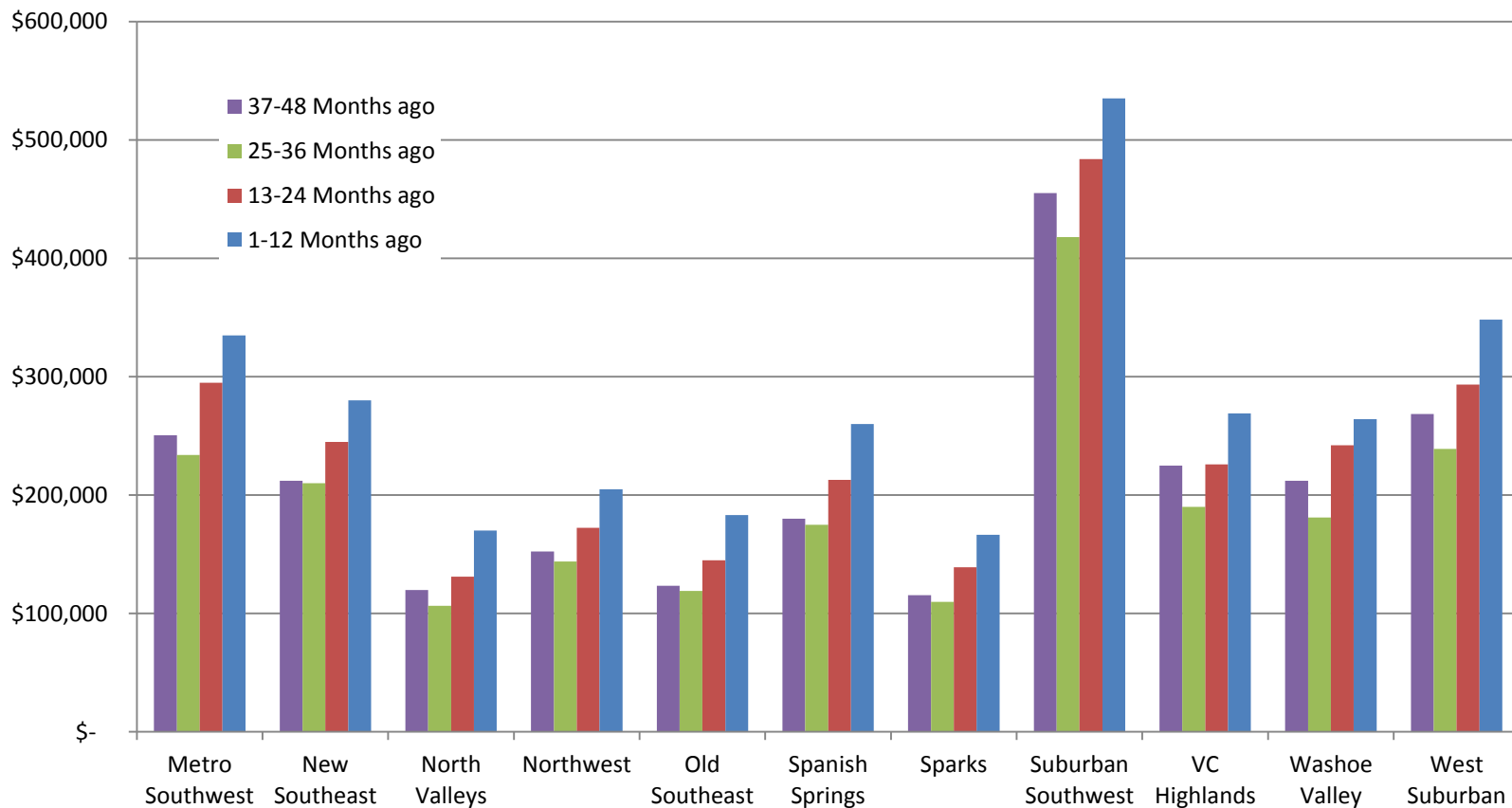
July, 2014

Sold Dollars per Square Foot, 5 year History



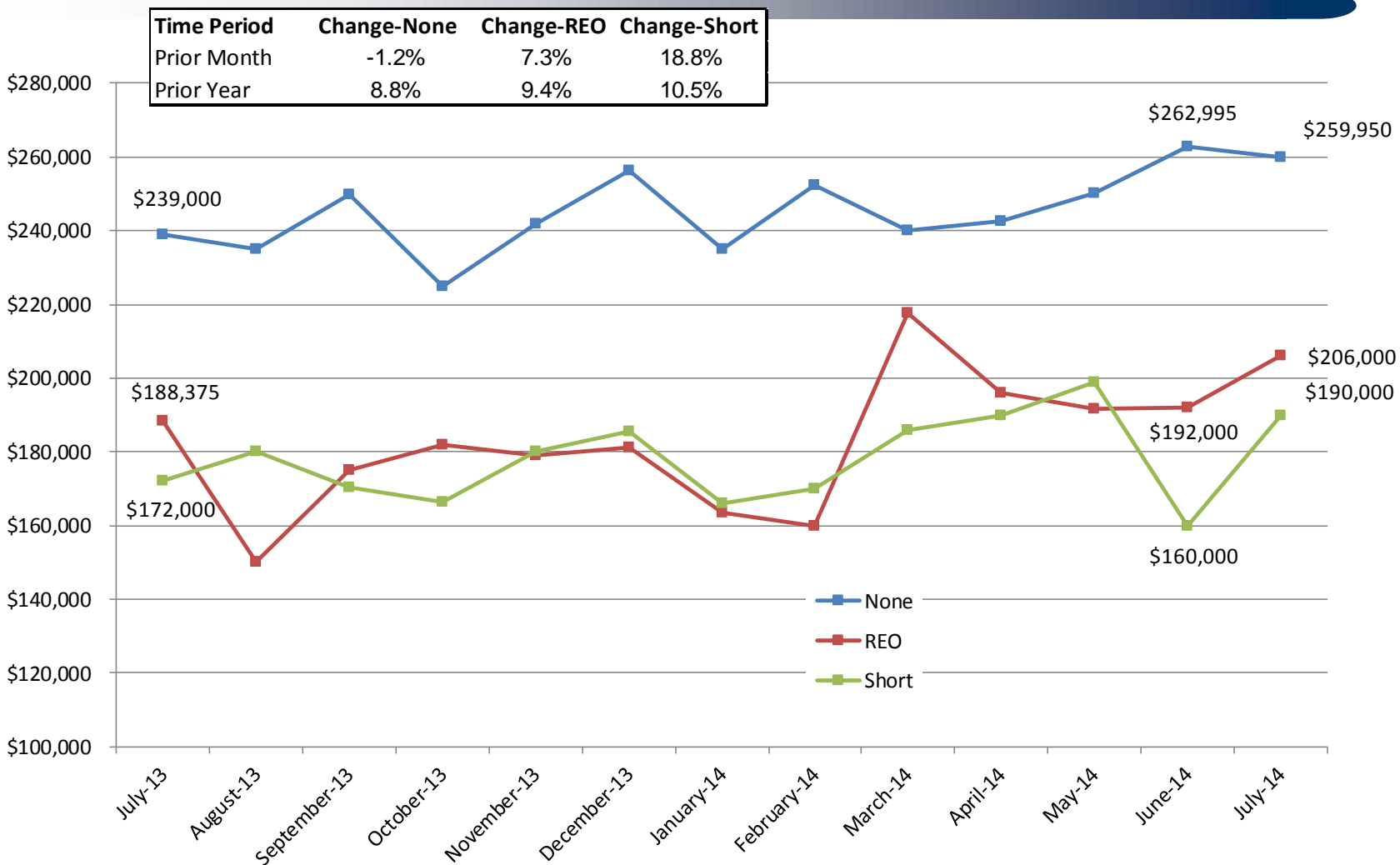
Annualized Median Price by Area Group

July, 2014

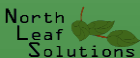


Median Sales Price by Special Condition

July, 2014



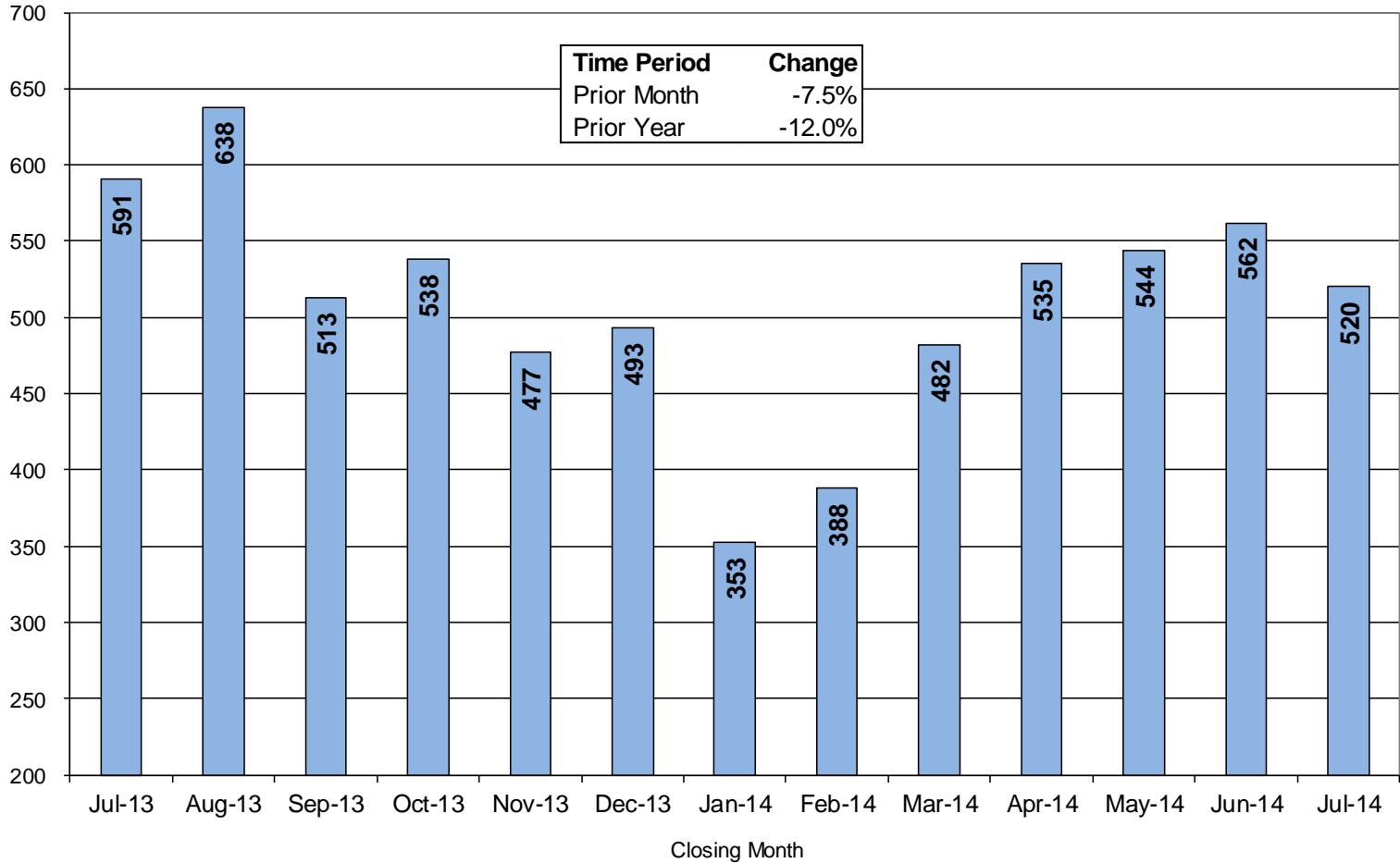
Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value.



Number of Units Sold

July, 2014

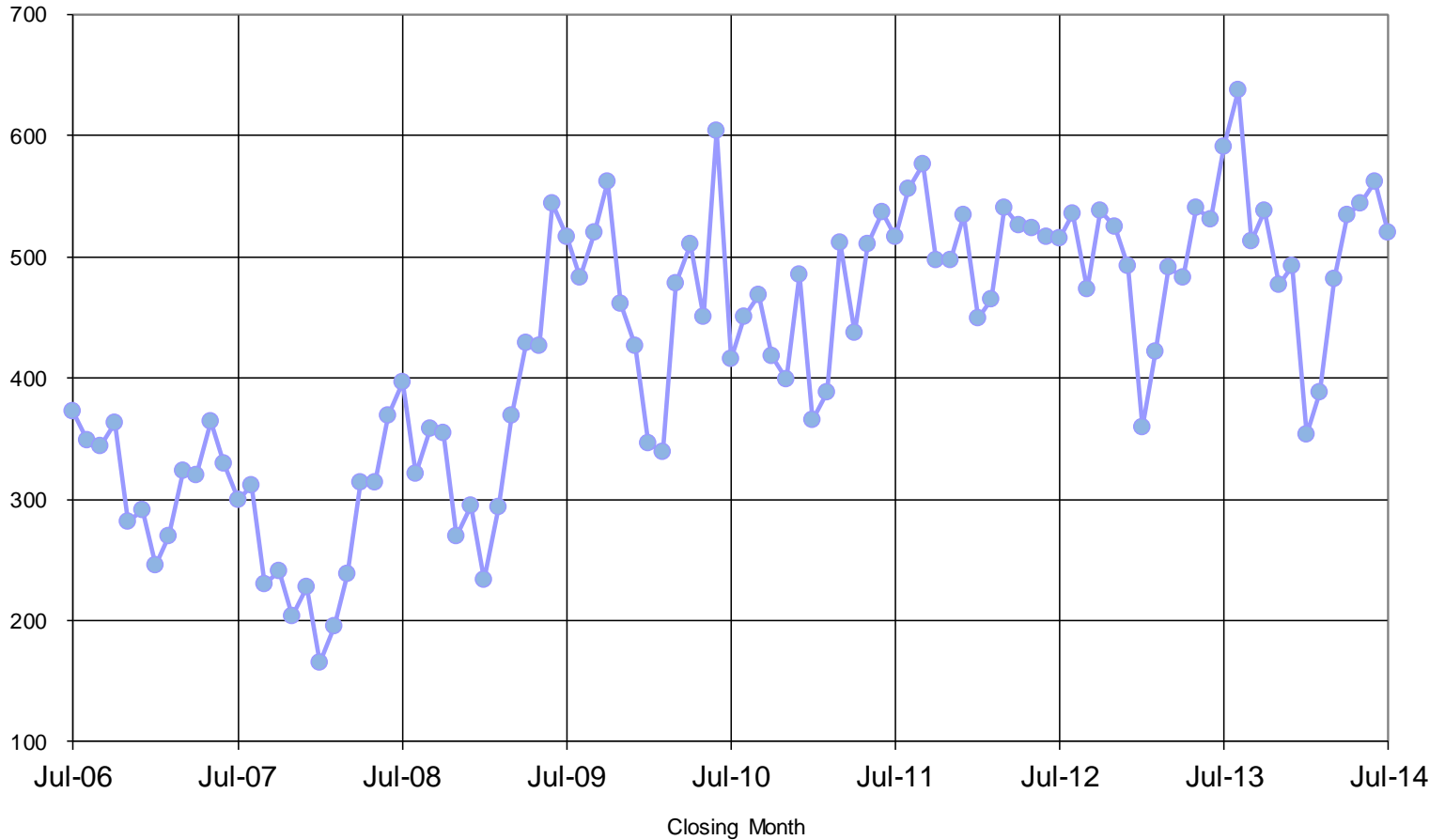
Number of Units Sold, 13 months



Number of Units Sold

July, 2014

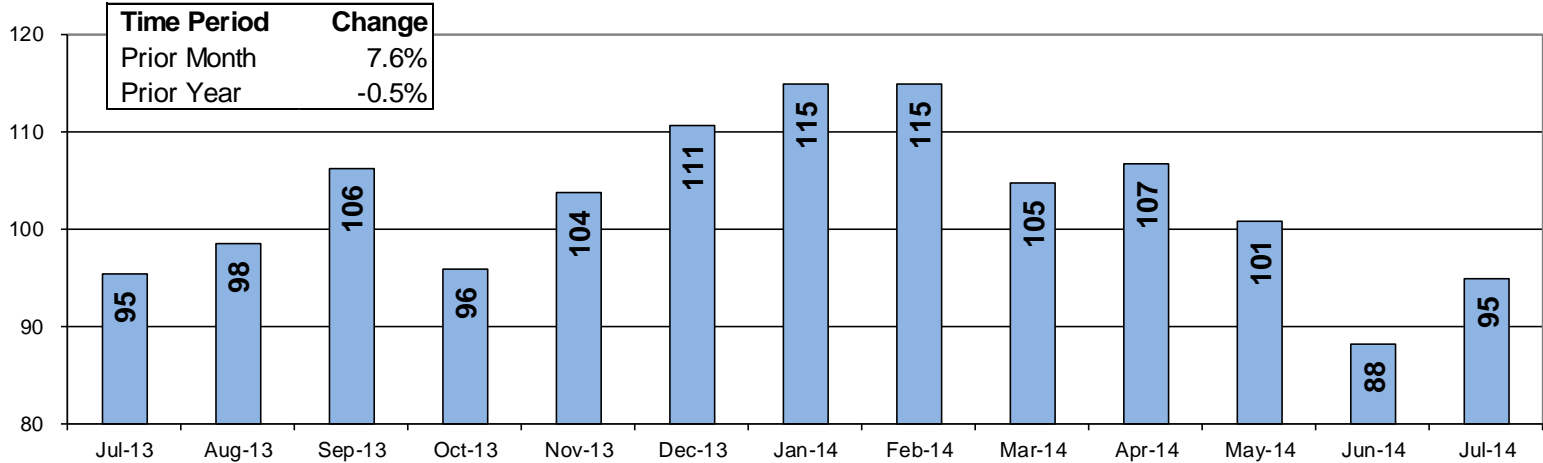
Number of Units Sold, 8 years



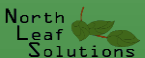
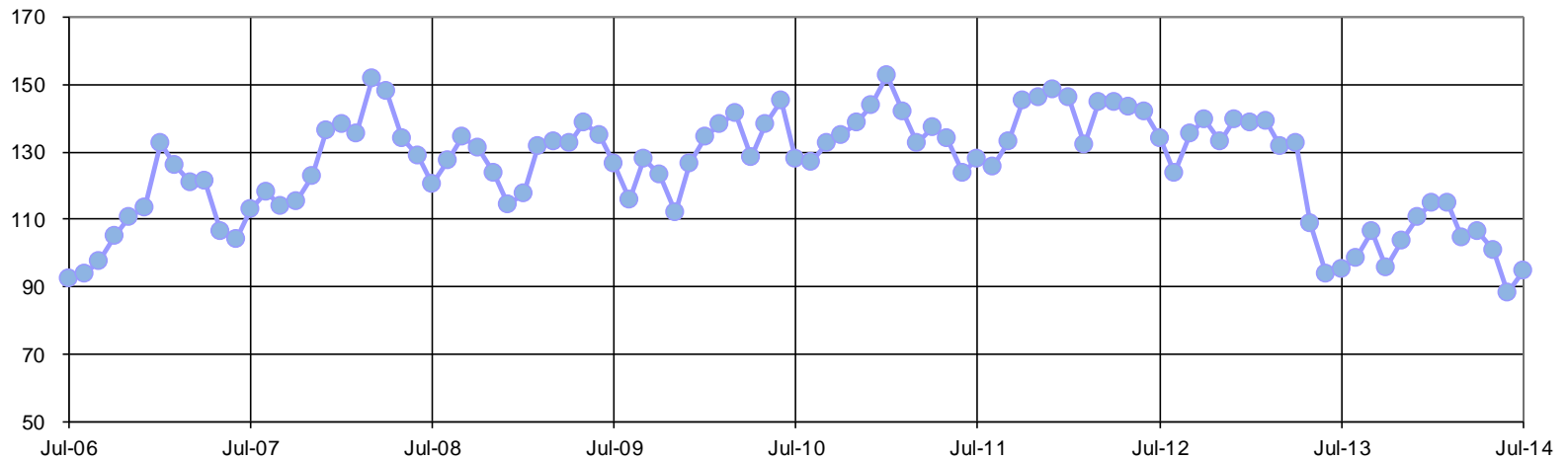
Days on Market, by Month

July, 2014

Average Days on Market for Solds, 13 months

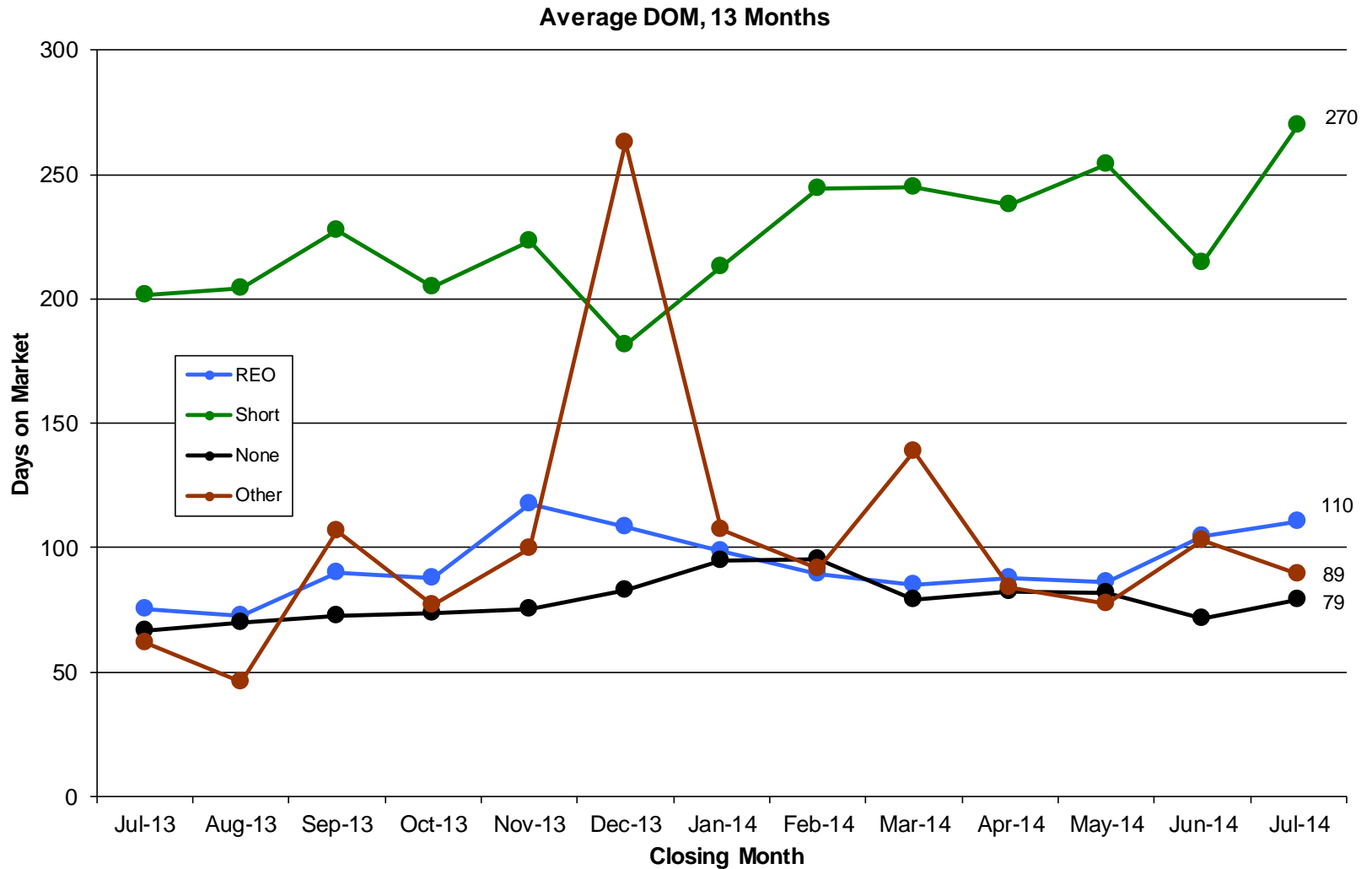


Average Days on Market for Solds, 8 years



Days on Market, by Special Conditions

July, 2014

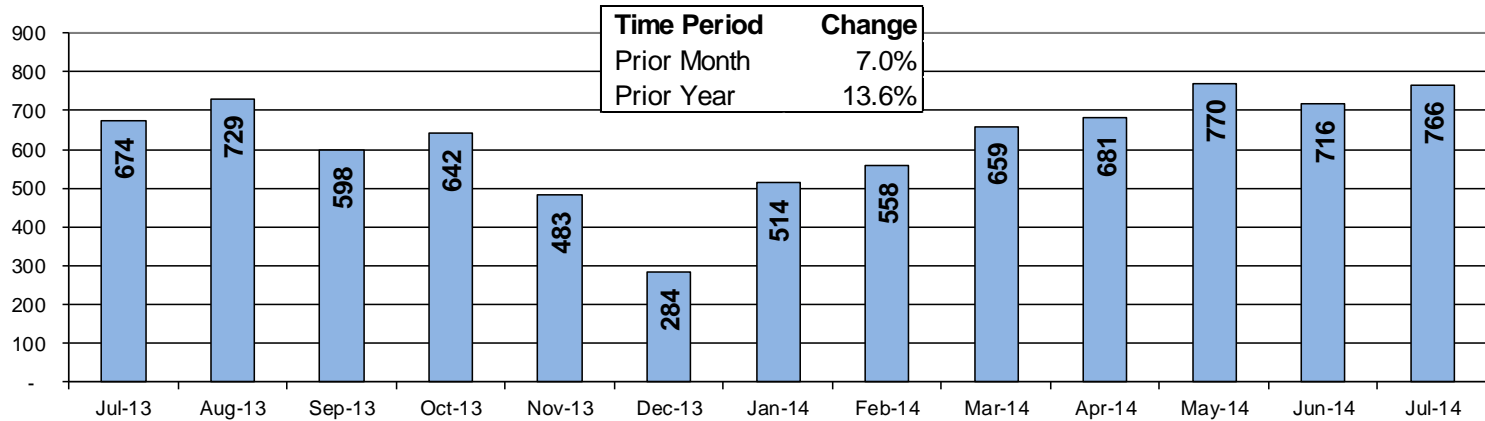


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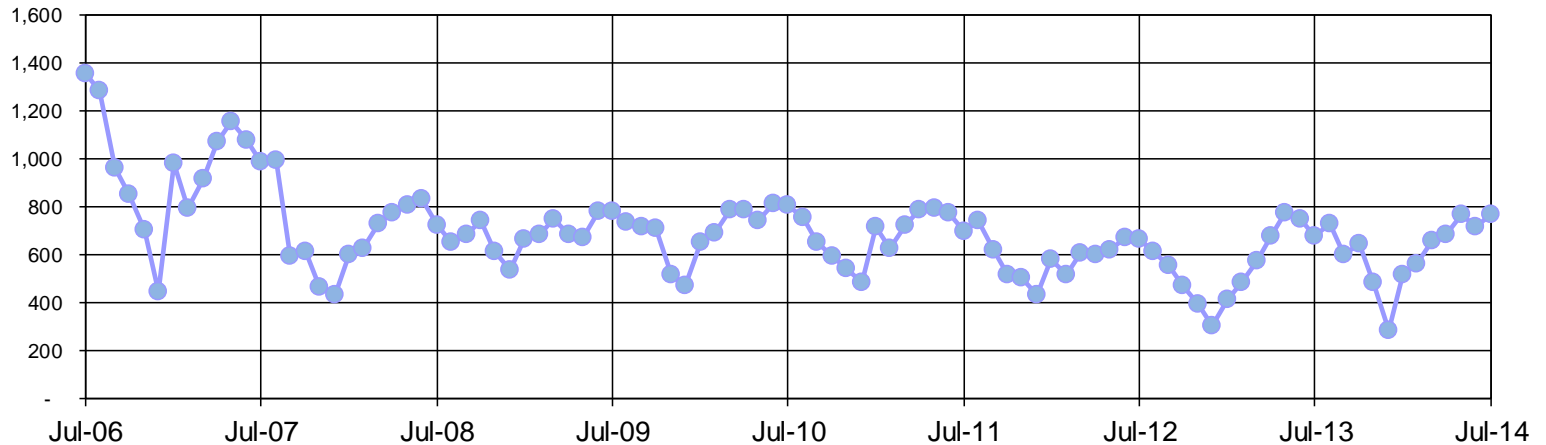
New Listings, by Month

July, 2014

New Listings by Month, 13 months

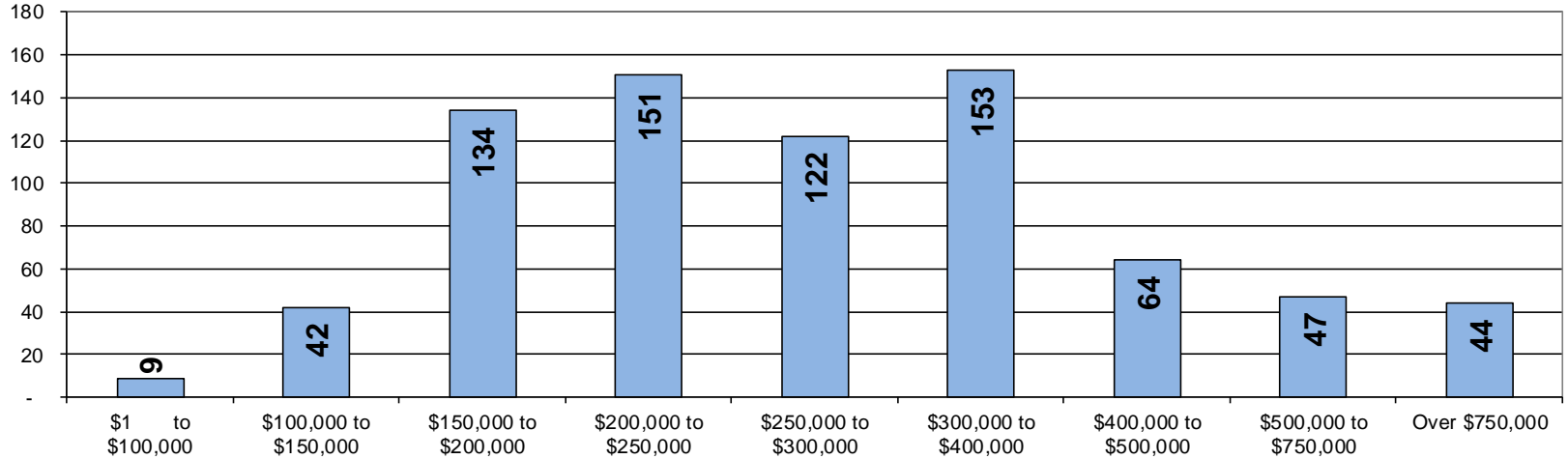


New Listings by Month, 5 years

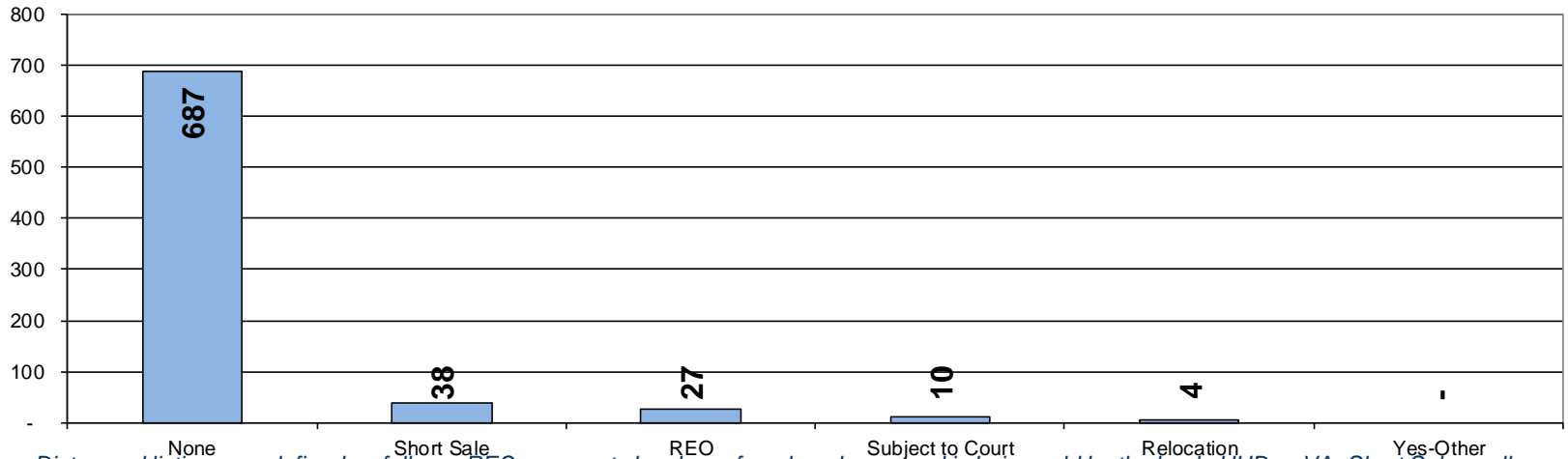


New Listings, by Price and by Special Condition

New Listings, by Price Range



New Listings, by Special Condition



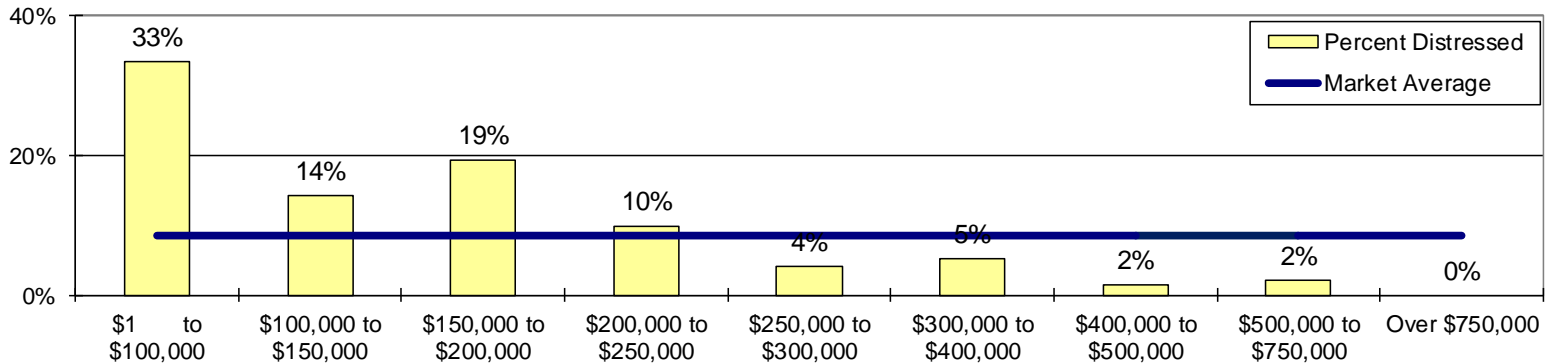
Distressed listings are defined as follows: REO – property has been foreclosed upon and is being sold by the bank, HUD or VA. Short Sale - seller owns more for the property than current value. Distressed New Listings includes Fannie Mae, Freddie Mac, HUD, and any bank-owned listings.

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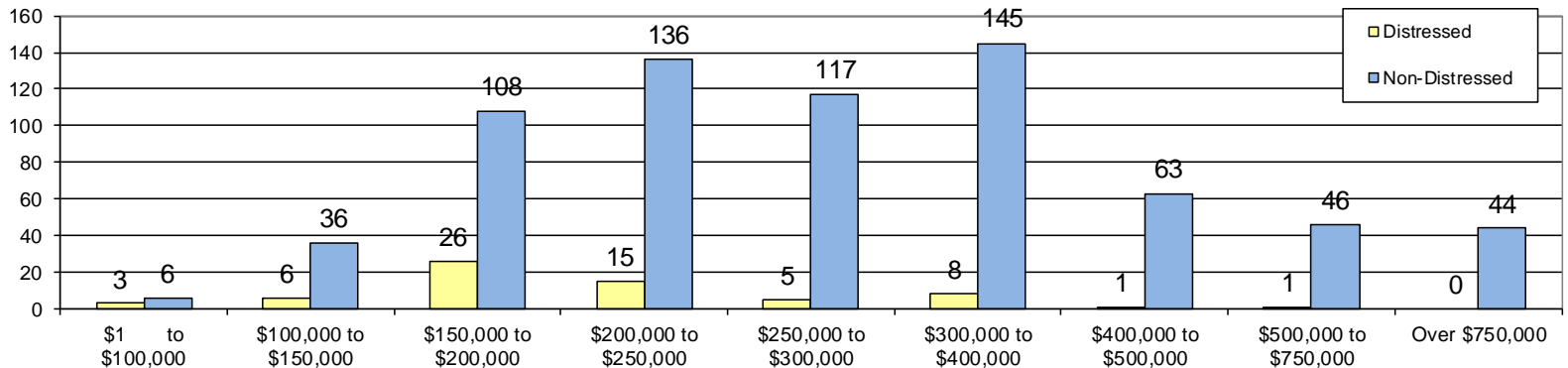
Distressed Listings, by Price

July, 2014

Percentage Distressed New Listings by Price, current month



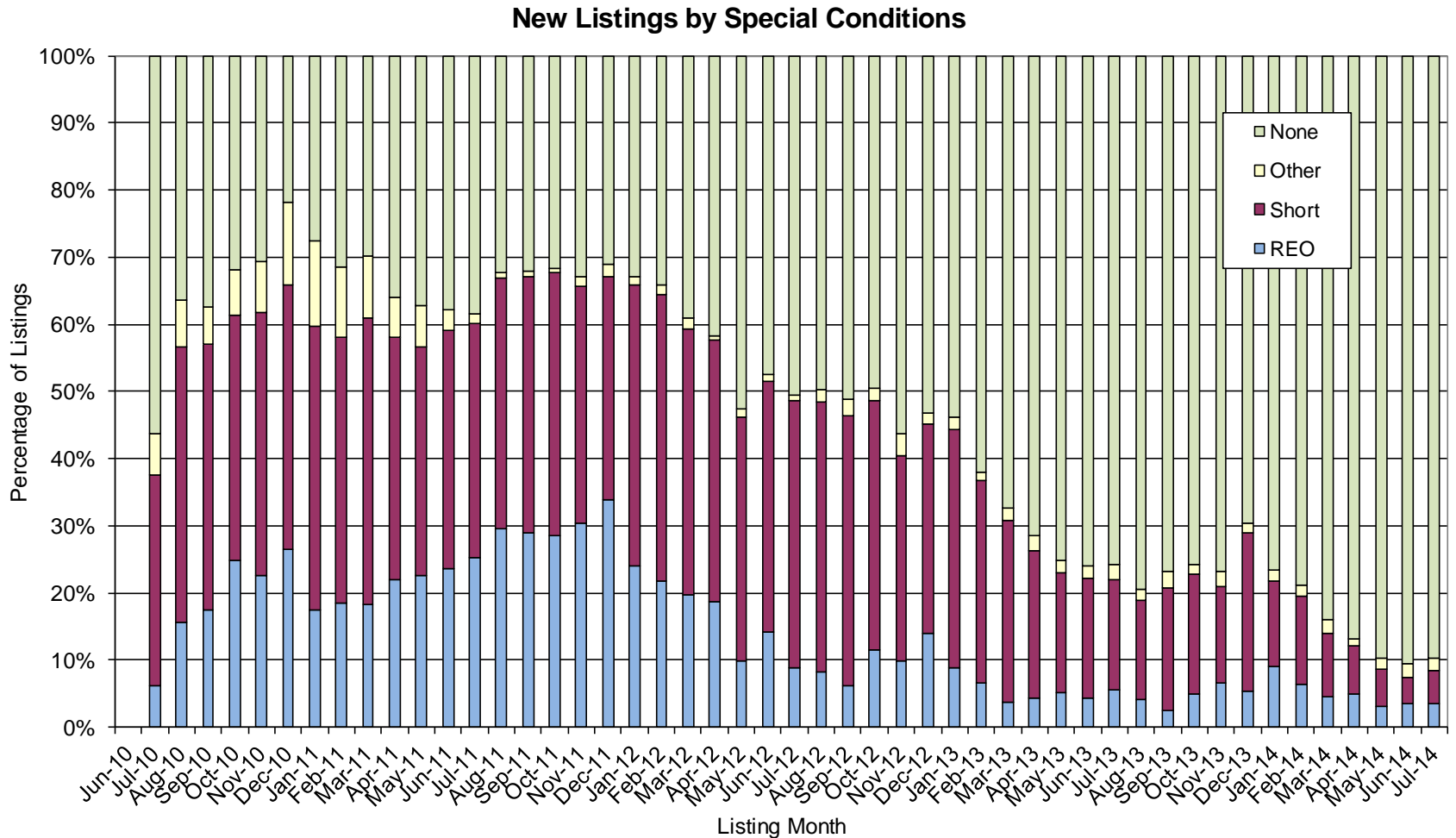
Number of Distressed and NonDistressed New Listings by Price, current month



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Distressed Listings, as a percentage of all listings

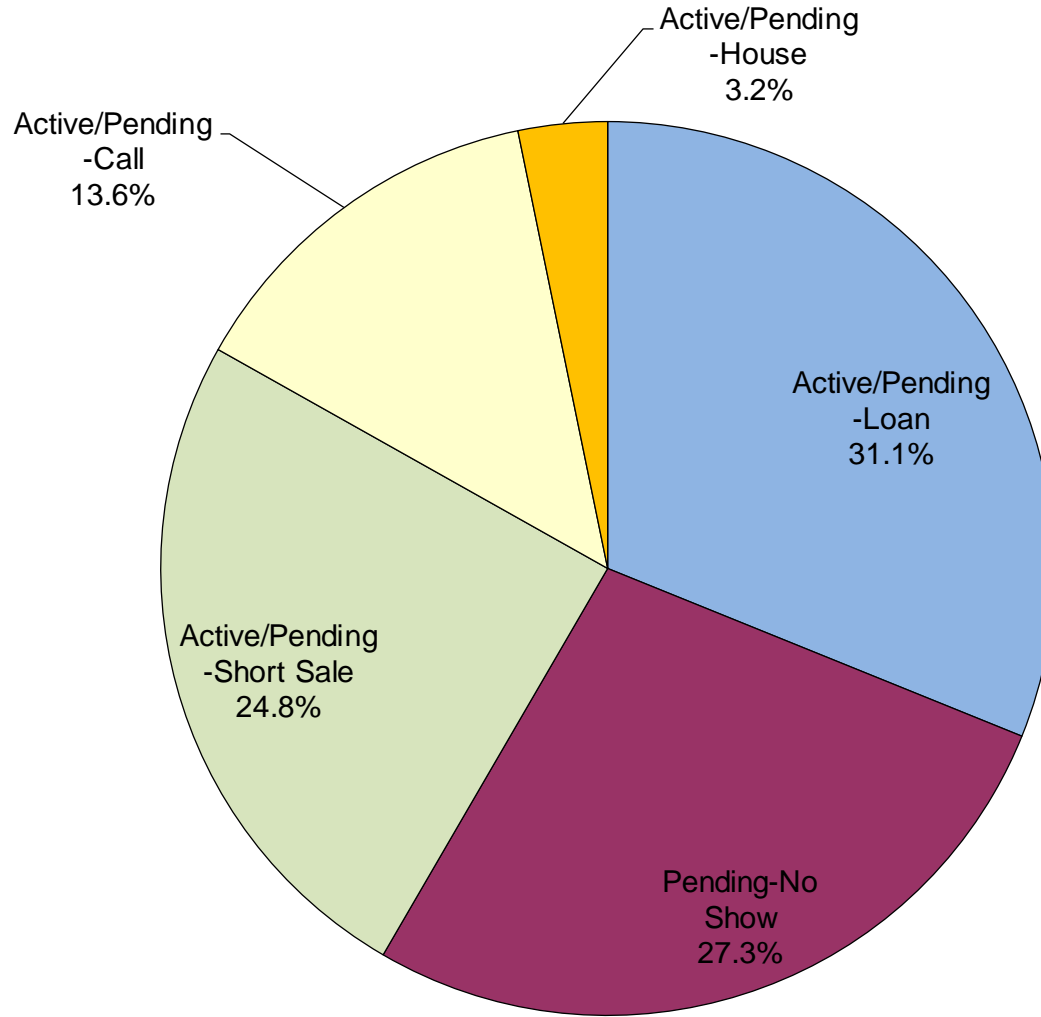
July, 2014



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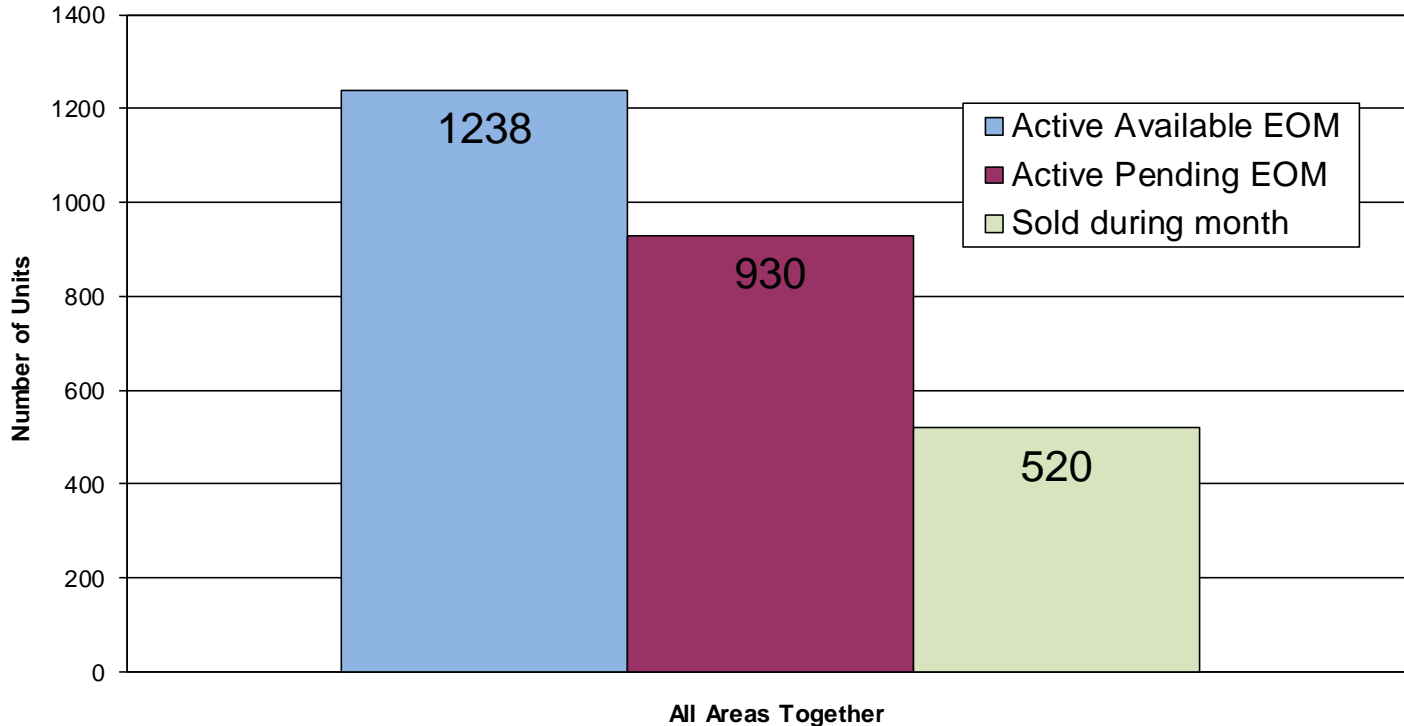
Status of Pendings, Current Month

July, 2014



Months Supply of Inventory, Current Month

$(1238 + 930)$ available / 520 units sold = 4.2 months of inventory

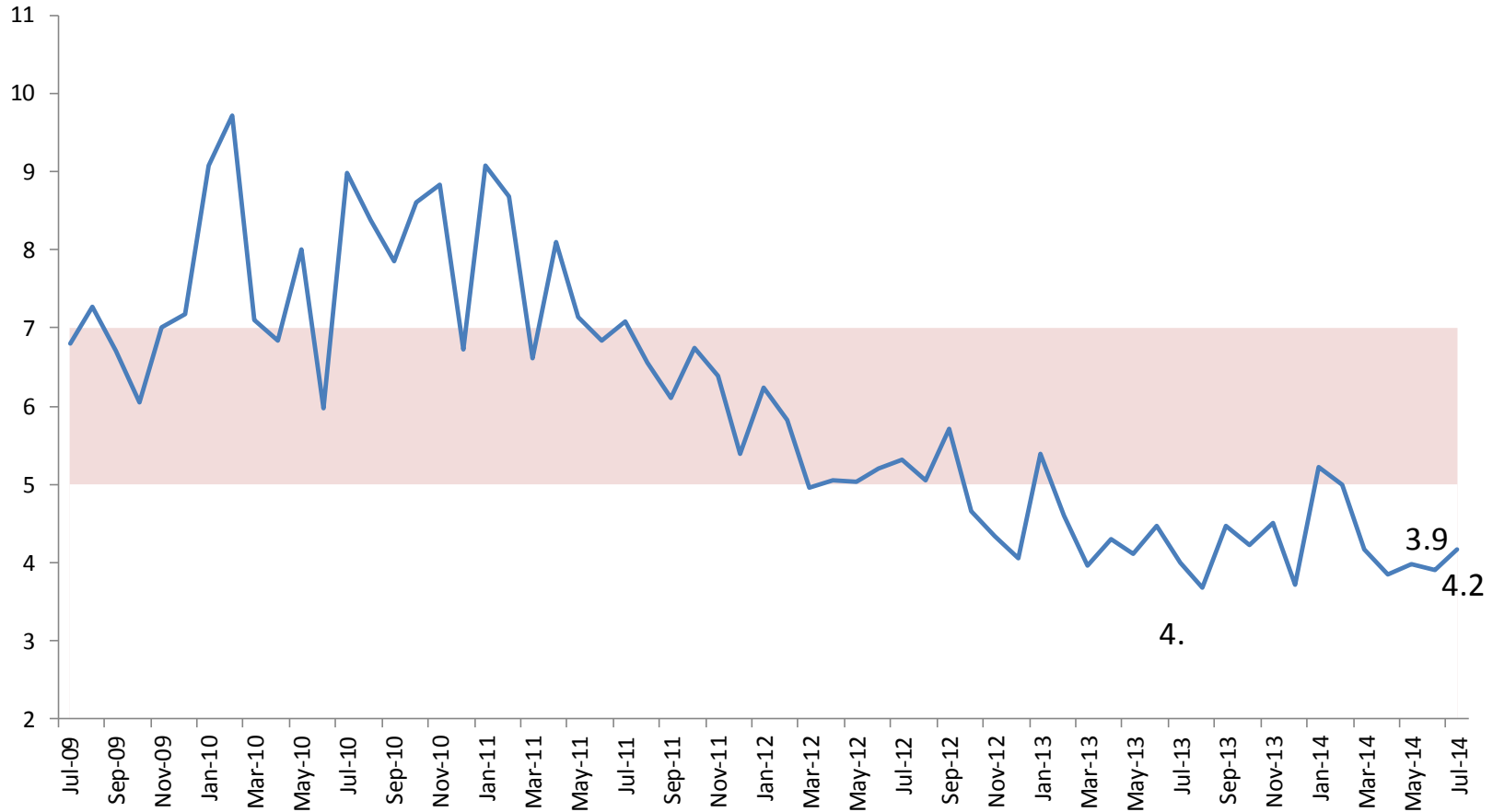


Unsold Inventory includes Active Pendings. This method of reporting absorption follows the industry standard and includes pendings in Active Inventory. Absorption or Months Supply of Inventory is defined as the number of months it would take to absorb the units available for sale. The National Association of REALTORS® describes a balanced market as between 5 and 7 months supply of inventory.

Months Supply of Inventory, Historical 5 years

July, 2014

Month's Supply of Inventory, 5 year history

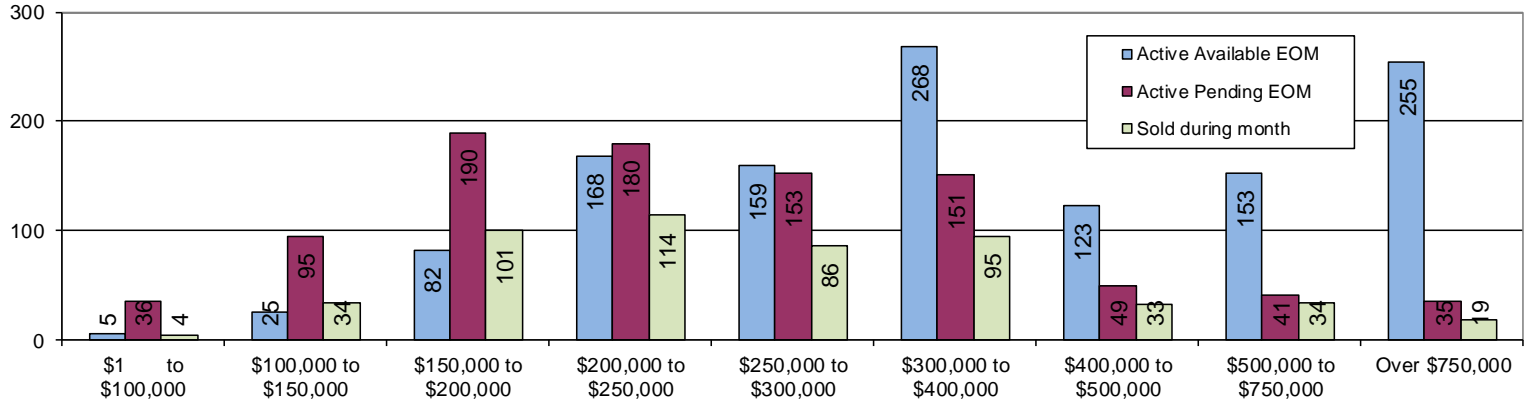


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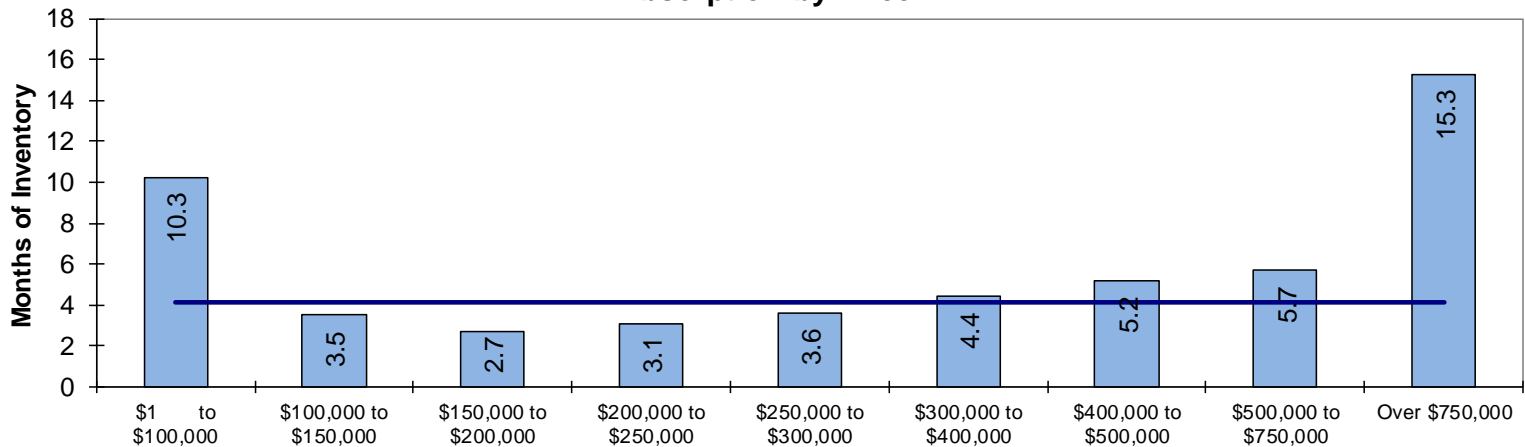
Units and Absorption, by Price

July, 2014

Active and Sold Homes by Price, current month



Absorption by Price



"Active" includes "Active/Pending"

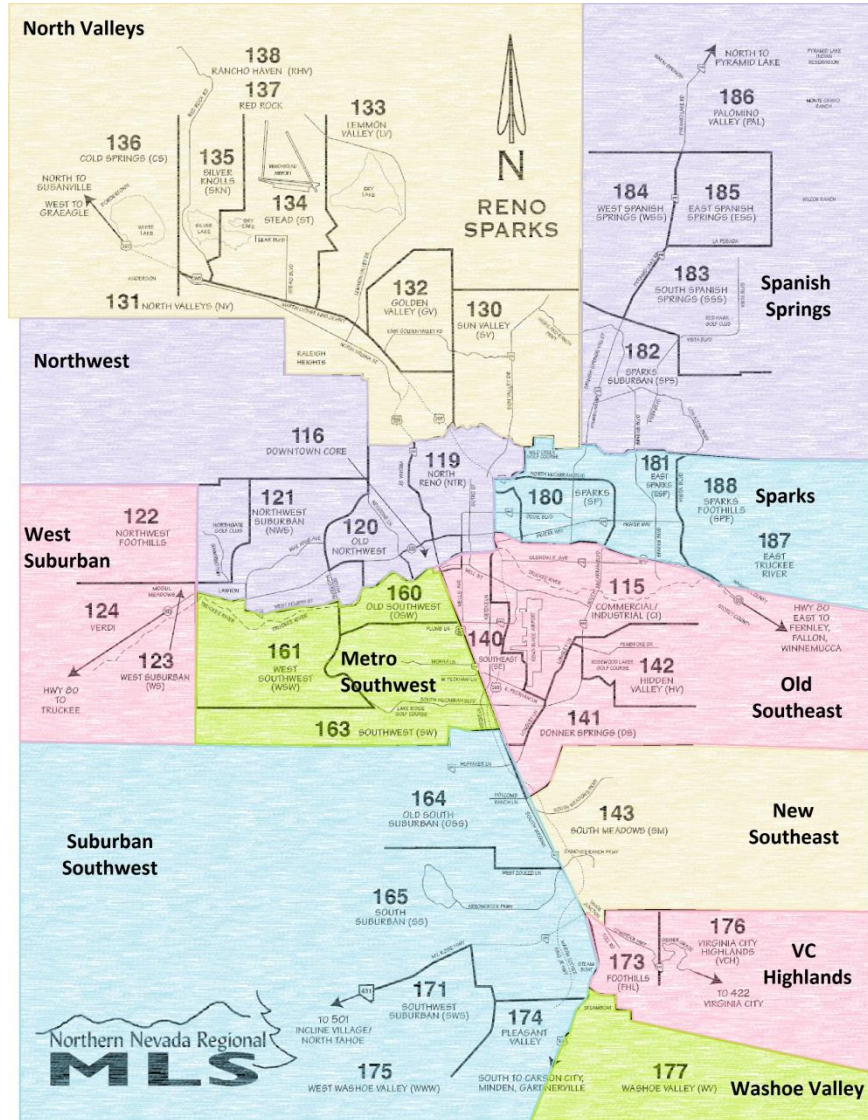
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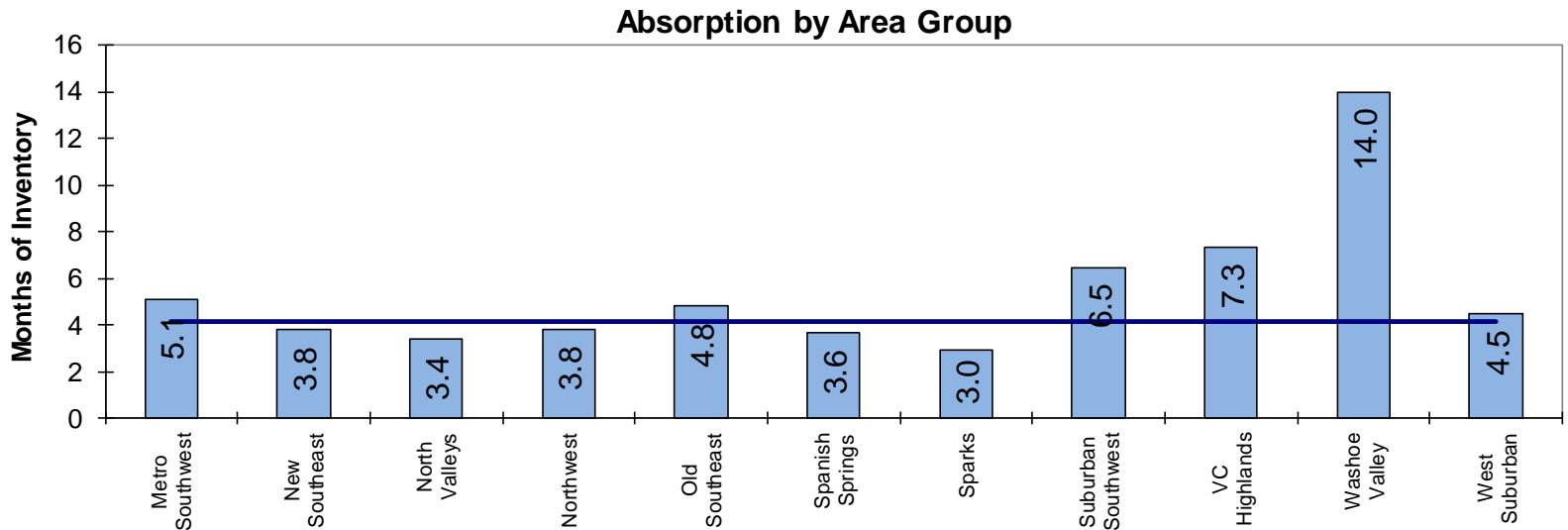
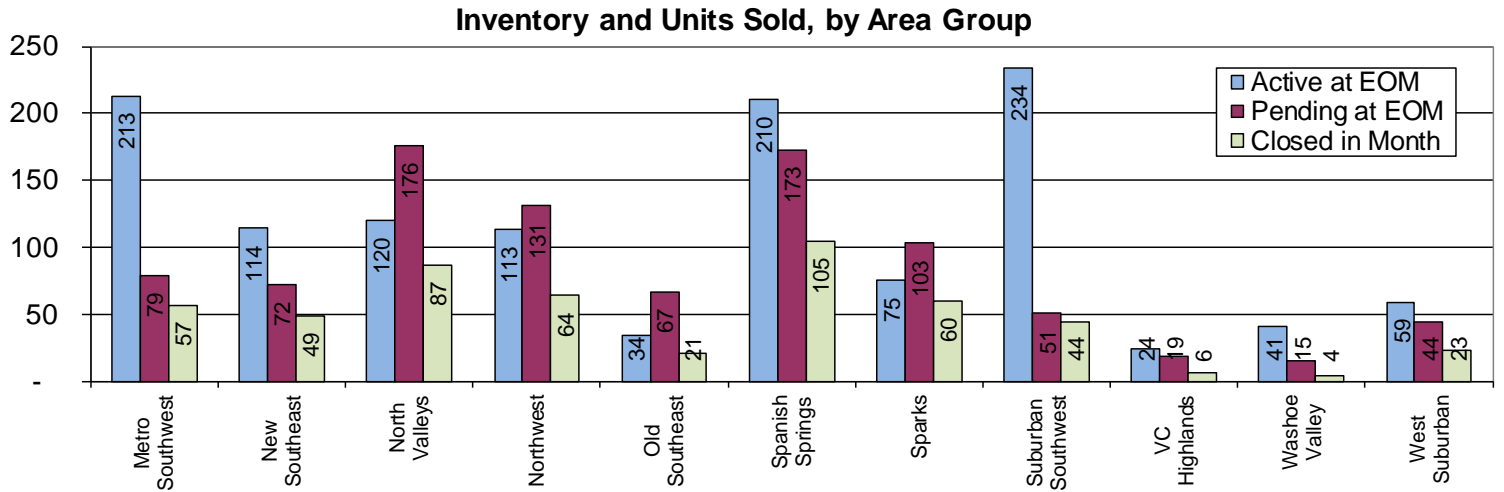
Reno/Sparks Area Map

July, 2014



Units and Absorption, by Area Group

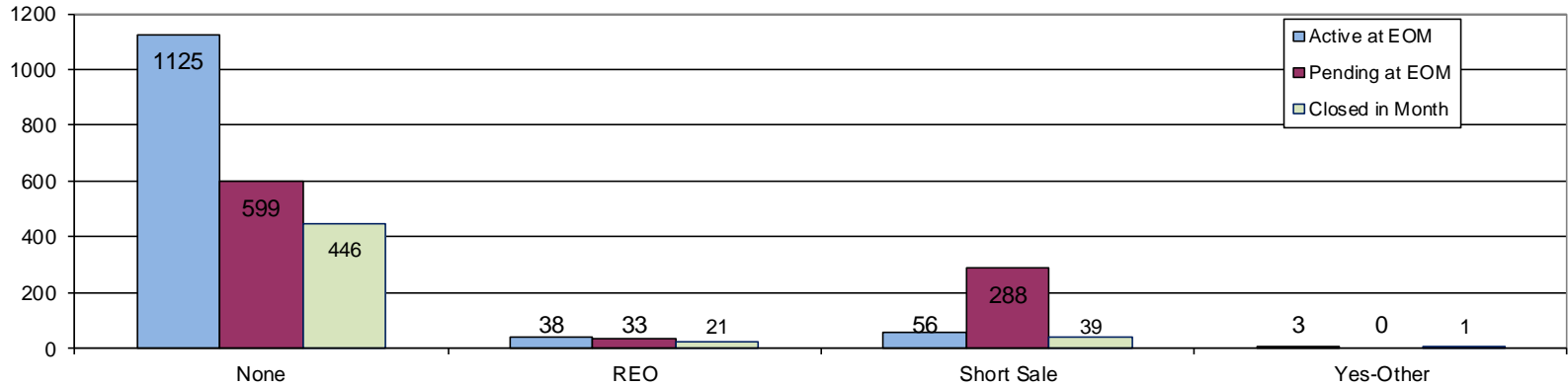
July, 2014



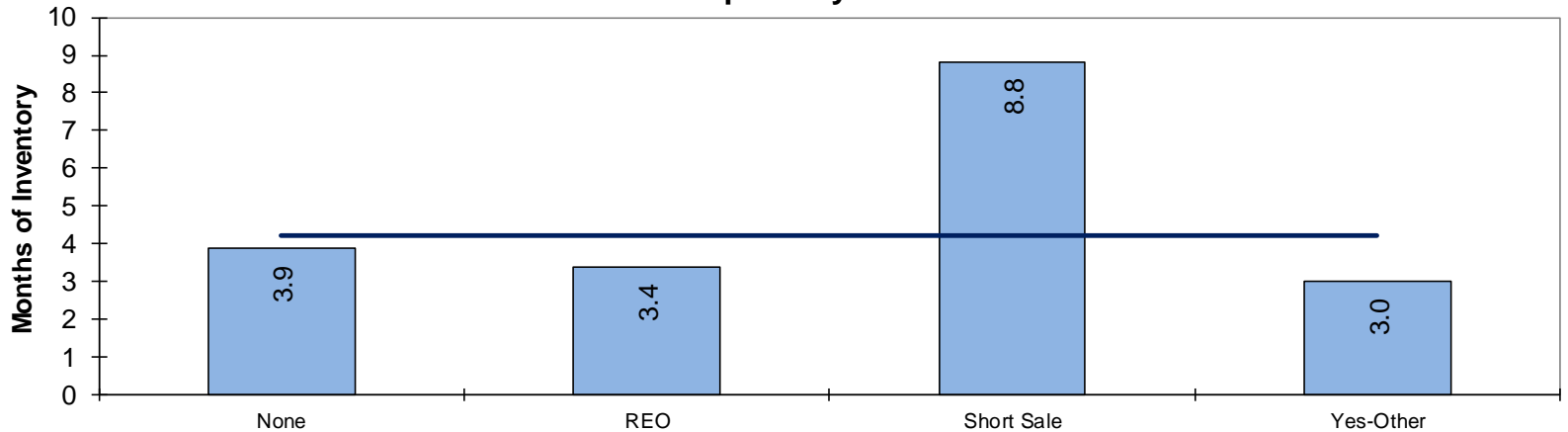
Units and Absorption, by Special Condition

July, 2014

Active and Sold Homes by Condition, current month



Absorption by Condition



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“Active” includes “Active/Pending”

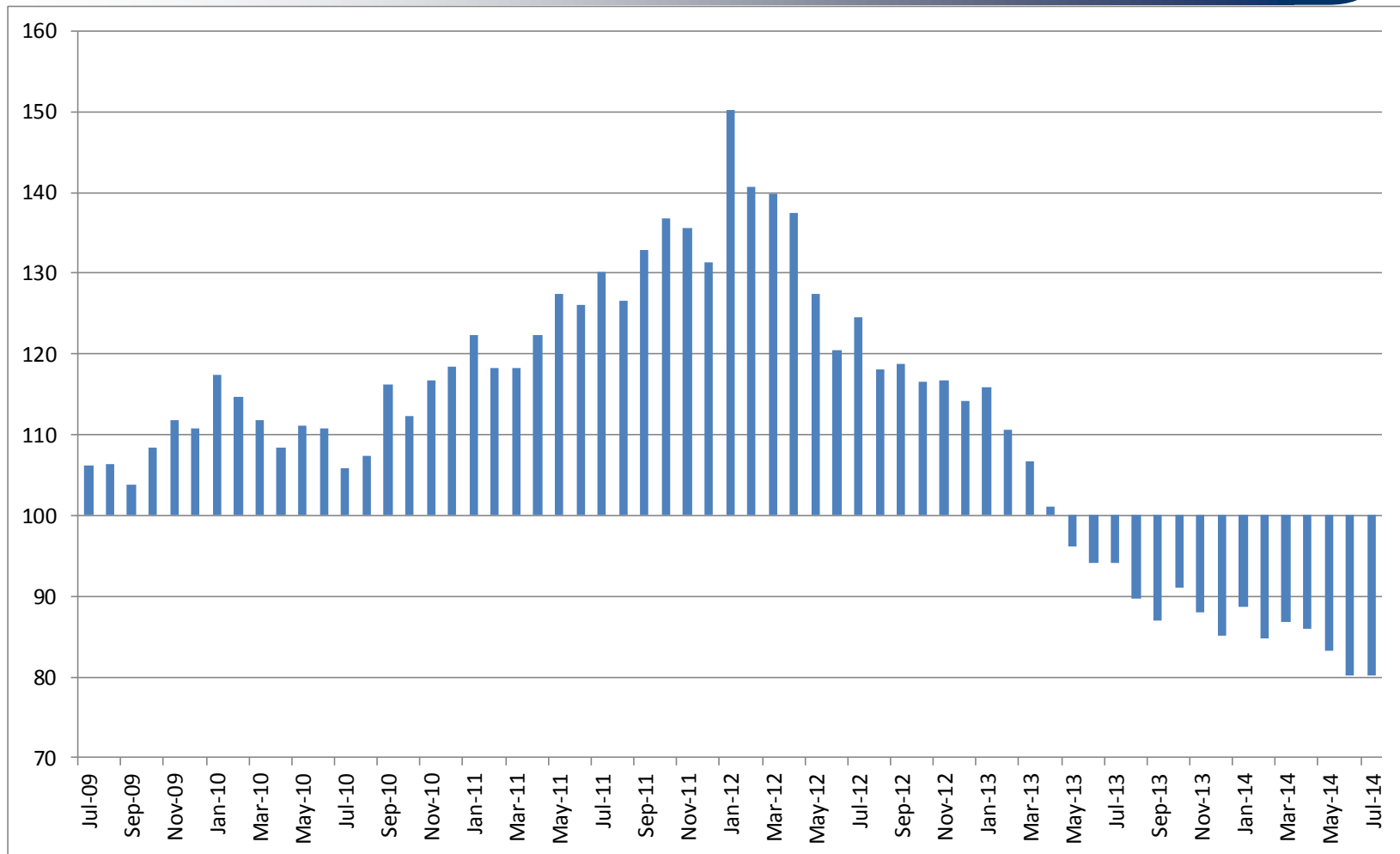
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Housing Affordability Index, 5 years

July, 2014



The Housing Affordability Index (HAI) as defined by the National Association of Realtors (NAR). A value of 100 means that a purchaser with the median income has exactly enough income to qualify for a mortgage on a median-priced home. An index of 120 signifies that a purchaser earning the median income has 20% more income to qualify for a mortgage loan on a median-priced home. An index of 85 signifies that a purchaser has 85% the income required to purchase a median-priced home. The calculation uses the Washoe County median income, a down payment of 5 percent, and a qualifying ratio of 28 percent.

Housing Affordability Index, detail

July, 2014

